

# MSPO CERTIFICATION SUMMARY REPORT

FARMHOUSE SDN BHD

STAGE 2 – CERTIFICATION AUDIT

Date: 09/12/2019

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# MSPO Certification Summary Report

Company Name: Farmhouse Sdn Bhd

Certifying Unit: Farmhouse Sdn Bhd

Client Number: 92-137

Audit Type: Stage 2 - Certification Audit



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## Abbreviations

<b>CHRA</b>	Chemical Health Risk Assessment
<b>CPO</b>	Crude Palm Oil
<b>CSR</b>	Corporate Social Responsibility
<b>DOE</b>	Department of Environment
<b>EFB</b>	Empty Fruit Bunch
<b>EIA</b>	Environment Impact Assessment
<b>FFB</b>	Fresh Fruit Bunch
<b>GAP</b>	Good Agricultural Practice
<b>GPS</b>	Global Positioning System
<b>ISCC</b>	International Sustainability & Carbon Certification
<b>ISO</b>	International Standard Organisation
<b>MSPO</b>	Malaysia Sustainable Palm Oil
<b>NC</b>	Non Conformity
<b>OSH</b>	Occupational Safety and Health
<b>P&amp;C</b>	Principle and Criteria
<b>PK</b>	Palm Kernel
<b>POME</b>	Palm Oil Mill Effluent
<b>PPE</b>	Personal Protective Equipment
<b>RSPO</b>	Roundtable Sustainable Palm Oil
<b>RTE</b>	Rare, Threatened and Endangered Species
<b>SA8000</b>	Social Accountability 8000
<b>SIA</b>	Social Impact Assessment
<b>SOP</b>	Standard Operating Procedure
<b>WHO</b>	World Health Organization
<b>MPOB</b>	Malaysian Palm Oil Board
<b>MPOCC</b>	Malaysia Palm Oil Certification Council
<b>SDS</b>	Safety Data Sheet
<b>FHSB</b>	Farmhouse Sdn bhd

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### 1. INTRODUCTION

Farmhouse Sdn Bhd has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct an initial certification audit for its oil palm estates according to MS 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

#### 1.1. Objective

The objective of this certification audit is to assess the Farmhouse Sdn Bhd with 1 estate by an independent certification body with the aim for compliance of the standards.

#### 1.2. Scope

The certification is based on the documentation established by the Farmhouse Sdn Bhd.

The supporting documents are provided to the audit team as well as information received by means of interviews and background investigation.

The documents and information are reviewed against the requirements and criteria based on MSPO 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

TUV NORD Malaysia has employed a risk-based approach in the audit, focusing on the identification of significant risks and reliability of the assessment and reporting.

The following references are used as part of the assessment; the compliance of the requirements out of the guidelines applied was checked.

1. Malaysian Sustainable Palm Oil Part 3: General Principles for Oil Palm Plantations and Organised Smallholders audit guidance;
2. Palm Oil Supply Chain Traceability Requirements

#### 1.3. Appointment and qualification of team members

The audit team appointed consists of one team leader and 1 team member. The audit team members contributed to the review of documents, the assessment of the project activity and to the preparation of this report.

##### Qualification of the Lead Auditor (Trainee): Sheron Pui Ling Wui

Requirement	Qualifications
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Bachelor in Medical Science.

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Requirement	Qualifications
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Lead Auditor (trainee) in training with 3 years working experience in QA, QMS and internal audit, 8 month in medical field and 1.5 years in MSPO audit experience.
Successfully completed MS 2530 series of standards training	Successfully complete MSPO LA training.
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	LA in training for MSPO scheme with 10 man-days under the supervision of a qualified Lead auditor for MSPO.
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language.	Able to communicate in English, Chinese and Bahasa Malaysia.
Field working experience in the palm oil sector, or demonstrable equivalent	Qualified MSPO auditor. Have been conducting audit for both MSPO and RSPO
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Qualified as auditor for MSPO and RSPO scheme.
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 18001 or Occupational, Health & Safety Assurance System	Successfully completed ISO 45001:2018 Lead Auditor course.
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Successfully completed Basic SA 8000 training. Qualified as auditor for MSPO scheme.
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Successfully completed ISO 14001:2015 Lead auditor course and auditor for MSPO scheme.

### Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life	Zul Hairi Bin Abu Hassan	Graduate in Diploma in Plantation Industry Management.	Yes

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Requirement	Assessor	Qualification	Compliance
Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields			
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Zul Hairi Bin Abu Hassan	9 years working experience in palm oil plantations.	Yes
Successfully completed MS 2530 series of standards training	Zul Hairi Bin Abu Hassan	Successfully completed MS2530 series training, RSPO P & C LA, SCC and ISCC-EU training	Yes
Conducted a minimum six (6) on-site audits for a total of at least 20 man-days of audit experience as an auditor-in-training under the direction and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Zul Hairi Bin Abu Hassan	MSPO scheme audit with minimum 20 man-days under the supervision of a qualified Lead auditor for MSPO.	Yes
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language.	Zul Hairi Bin Abu Hassan	Able to communicate in Bahasa Malaysia and English.	Yes
Field working experience in the palm oil sector, or demonstrable equivalent	Zul Hairi Bin Abu Hassan	9 years working experience in palm oil plantation.	Yes
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Zul Hairi Bin Abu Hassan	9 years working experience in palm oil estates.	Yes
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Zul Hairi Bin Abu Hassan	Successfully completed ISO 45001:2018 Lead Auditor course.	Yes
Worker welfare issues and social auditing experience, for example	Zul Hairi Bin Abu Hassan	Successfully completed SA 8000 Basic training	Yes

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Requirement	Assessor	Qualification	Compliance
with SA8000 or related social or ethical accountability codes		and auditor for RSPO and MSPO schemes	
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Zul Hairi Bin Abu Hassan	Successfully completed ISO 14001 LA course and auditor for RSPO and MSPO scheme.	Yes

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## 2. METHODOLOGY

The audit approach consists of the following steps:

- Contract review;
- Appointment of team members and technical reviewer;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Audit planning;
- Background investigation, desk review of submitted documents;
- On-Site assessment, inspections, interviews with operational personnel, stakeholders and its contractors; review of documentation;
- On-site reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Peer review
- Address Peer Review Comments (if any)
- Final approval and issuance of certificate.

The certification is conducted in two stages in accordance to the certification procedure.

### Stage 1:

Stage 1 is conducted on 21/08/2019 that covers desk review activities:

- Background investigation
- Review of documentation established but not limited to below
  - Group Operating Policies
  - Estate maps
  - Land titles
  - Standard Operating Procedures including Agricultural Manual
  - Work Flow Charts
  - Operating licenses and approvals
  - Operating records
  - Training records
  - Applicable Legislation Documents
- Interviews of relevant operation personnel



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- Assessment reporting

### Stage 2 Certification Audit:

Stage 2 certification audit was conducted on 04/11/2019 to 05/11/2019 covers the following activities but not limited to below:

- Onsite visit, observations and inspections of estate facilities and field activities;
- Interview operation personnel and field workers for understanding for the work assigned;
- Reviewed revised and updated documentation established and implemented;
- Operating records;
- Training records;
- Reports established;
- Work plans established;
- Stakeholders consultation meeting;
- Review and closed out of non-conformance raised during stage 1 audit;
- Assessment reporting;

### On-site Assessment

The audit of the estates is conducted according to the MS 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of stakeholders, communities, staff, workers and their families, review of documentation and data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders are taken into account in the assessment.

For the stage 2 audit Farmhouse Sdn Bhd has 1 estate. Therefore, no selection required.

**Table 2-1: List of Estates Selected**

Name of Estate	Coordinates
Farmhouse Sdn Bhd	5°49'27.8"N 117°37'47.1"E

### Non-conformance:

On the basis of the desk review, evidences presented during the audits as well as from the onsite visits non-conformance (NC) Major, Minor and Opportunity for Improvement (OFI) may be raised during the audit.

Major non-conformance shall be addressed and responded with 60 days from closing date of audit. For minor non-conformances raised and action plan to be submitted within 30 days from closing date of audit for review and acceptance. Implementation of Minor NC will be review and verify in the next audit.

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### 3. ORGANISATION INFORMATION

Farmhouse Sdn Bhd is an oil palm plantation company located at Jalan Sandakan-Beluran, Labuk / Sugut, Sandakan.

The details of the estate as below:

Name of Estate	Location	Coordinates
Farmhouse Sdn Bhd	Jalan Sandakan-Beluran, Labuk / Sugut, Sandakan	5°49'27.8"N 117°37'47.1"E

#### 3.1. Production volume

Name of Estate	Area (Ha)		Actual production	Projected FFB Production (mt) (November to December 2019)
	Total*	Planted	January to October 2019	
Farmhouse Sdn Bhd	201.25	176.98	694.76	69.48
<b>Total</b>	<b>201.25</b>	<b>176.98</b>	<b>694.76</b>	<b>69.48</b>

\*includes productive and non-productive area (infrastructures, conservation, HCV, housing & office compound use, set aside area etc.)

\*\*Immature + Mature Area

#### 3.2. Planting Program for Each Estate

Year / estate	Farmhouse Sdn Bhd (ha)	Remarks
2004	29.00	First planting
<b>Total Mature</b>	<b>29.00</b>	
2016	32.80	Replanting
2017	41.20	Replanting
2018	73.98	Replanting
<b>Total Immature</b>	<b>147.98</b>	
<b>Total</b>	<b>176.98</b>	

#### 3.3. Replanting program for each estate

Year of replanting	Planted area (ha) in each estate	Total area to be replanted (ha)
	Farmhouse Sdn Bhd	
2019 / 2020	20.23	20.23
<b>TOTAL</b>	<b>20.23</b>	<b>20.23</b>

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### 3.4. Maps of Company Location and Plantations

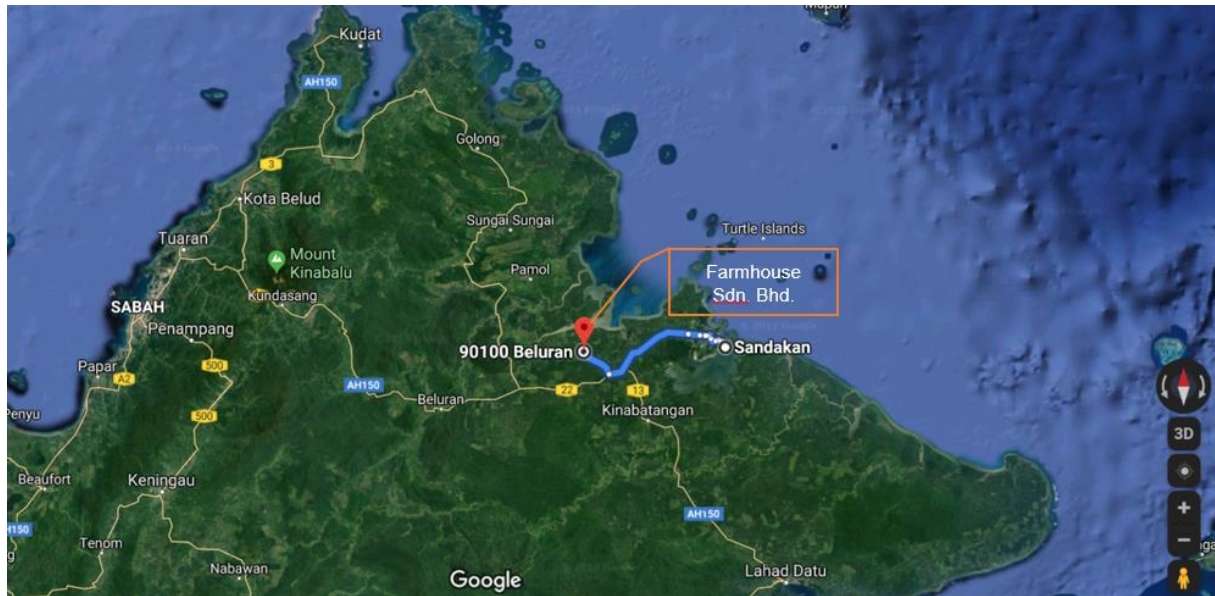


Figure 1: Sabah map locality of Farmhouse Sdn Bhd.

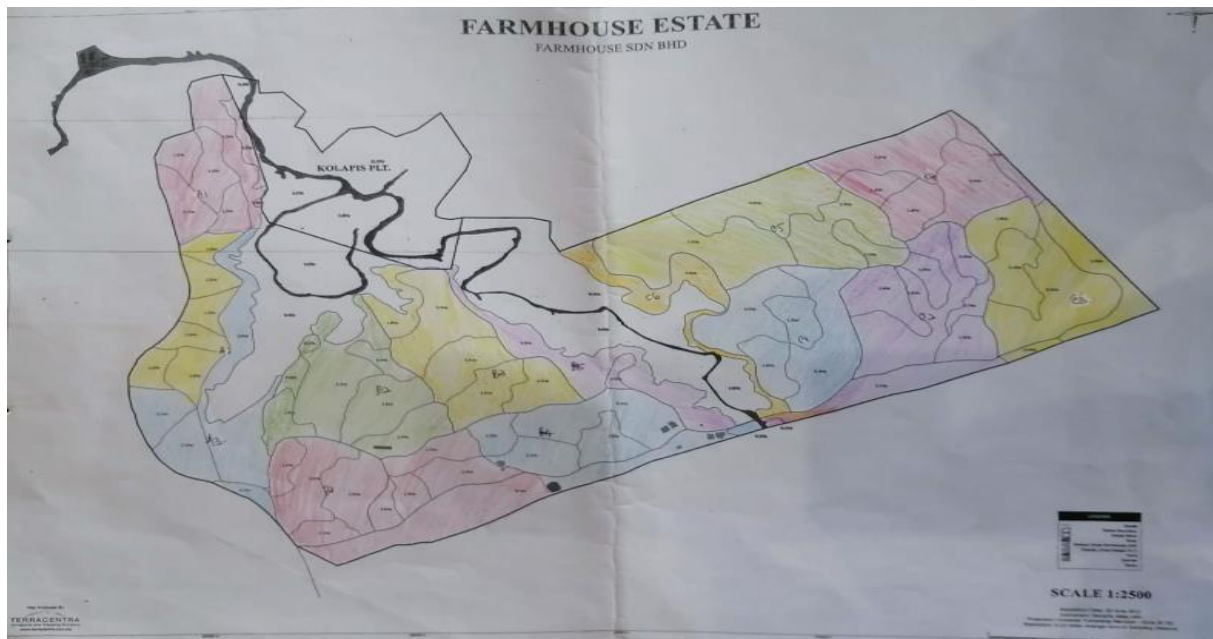


Figure 2: Farmhouse estate map.



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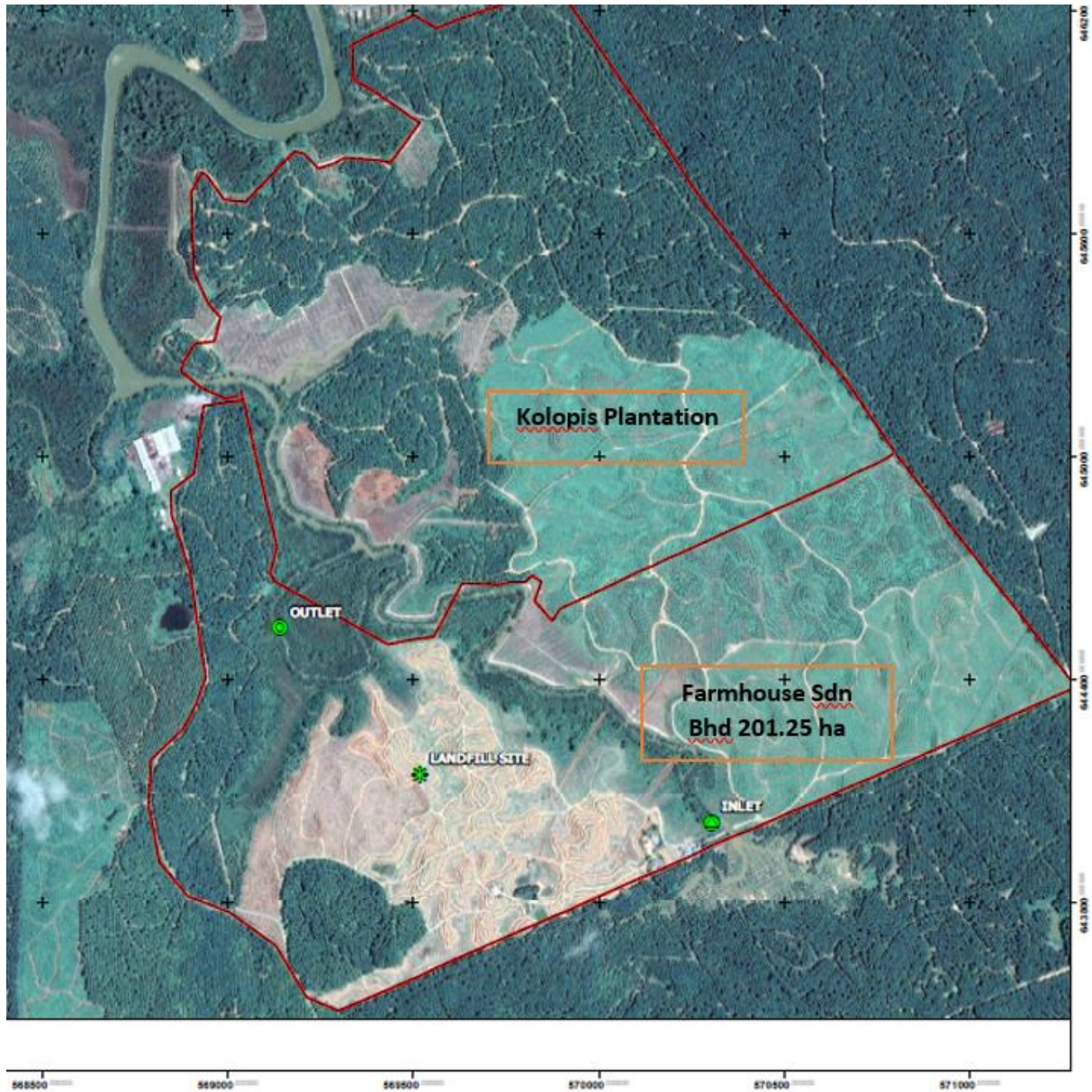


Figure 3: Farmhouse estate with total 201.25 ha.

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### 4. CERTIFICATION ASSESSMENT

#### 4.1. Stage 2: CA

The objective of the audit is to assess the activities of the estates are in compliance with MS 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

##### 4.1.1. Stage 1 Audit:

The objective of the stage 1 is to assess the readiness of the documentation established and implemented in accordance to MSPO 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

According to the Certification Scheme, an initial due-diligence audit for operators which are entering into the MSPO system, and which

- do not have any certification or
- those having management system certification e.g. ISO, COP.

These organization shall undergo both Stage I and II audit

Farmhouse Sdn Bhd does not has any certification, therefore, has to undergo Stage I audit.

The audit team has apply the Malaysian Sustainable Palm Oil Part 3: General principles for oil palm plantations and organised smallholders audit guidance to assess the established documents against the Principles and Criteria of the standard

The Stage I audit is conducted on 21/08/2019 covering the following activities:

- Review of documentation for compliance to relevant P & C requirements for plantation and mill;
- Reporting of findings found

##### 4.1.2. Stage 2:

The Stage 2 certification audit is conducted on 04/11/2019 to 05/11/2019 at Farmhouse Sdn Bhd.

During the Stage 2 certification audit, there are 0 Major, 0 Minor, 7 Opportunities for Improvement (OFI) are raised.

For details of the assessment, refer summary of assessment for each indicator in section 4.3 of this report.

The audit findings if any, raised in this audit refer to Section 4.6 of this report.

#### 4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd., has published the public notification on 03/10/2019 as to accommodate stakeholder's consultation meeting for Farmhouse Sdn Bhd to provide comments. As at audit date on 04/11/2019 – 05/11/2019 there are no comments received.

Invitation letters are sent on 03/10/2019 to invite relevant stakeholders to attend a local stakeholders' consultation on 04/11/2019 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

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1. Introduction of MSPO certification.
2. Development of oil palm plantations
3. Community service and support provided
4. Wildlife management and wildlife corridor
5. Type of wildlife sighted at the plantations and wildlife corridor.
6. Local communities' development.

The following relevant Principles & Criteria of the applied standard are discussed during the stakeholders' consultation:

1. Principle 2 Criteria 2 Indicator 1: Consultation and Communication with stakeholders:  
The stakeholders could confirm they have attended meetings with the company on MSPO certification.
2. Principle 4 Criteria 2 Indicator 3 & 4: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint  
The stakeholders' advice they are informed a logbook and form is available at the office to lodge any complaints or suggestions.
3. Principle 4 Criteria 3 Indicator 1: Contribute to local development in consultation with the local communities.  
The local communities could confirm the company has provide assistance and support to communities.
4. Principle 6 Criteria 4 Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information  
The contractors who provides maintenance and service could confirm they are briefing on MSPO requirements.

There are no issues raised during the stakeholder's consultation in terms of tenure and/or use rights, social or environmental aspects of management and operations that need to be addressed by the certified unit. It can be concluded the relevant Principles and Criteria clauses of the applied standard are in compliance.

The list of stakeholders who attended the meeting refer to Table 7-1

Items	Subject discussed	Audit team findings	Company response and proposed action to be taken
1	Any information from Company as regards to the MSPO audit?	Stakeholders confirmed they are aware of the MSPO audit through invitation letters and public announcement made by the company.	Positive comments towards the Farmhouse management.
2	Social issues	No communities and neighbouring estates attended. Therefore no input.	No further action required.
3	Type of land title – Country Leased,	Participants are no local communities, therefore no input to confirm.	No further action required.

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Items	Subject discussed	Audit team findings	Company response and proposed action to be taken
	Provisional Leased, Native title		
4	Economy / livelihood Is there any impact on livelihood after the introduction of MSPO?	Participants commented with MSPO certification will improve livelihood of workers.	Positive comments towards the Farmhouse management.
5	Does MSPO largely benefits the local community?	Stakeholders are not local communities, therefore no comments on this topic.	No further action required.
6	Environmental understanding	Stakeholders are not local communities, therefore no comments on this topic	No further action required.
7	Awareness towards species, habitats, and high conservation values	Stakeholders are not local communities, therefore no comments on this topic	No further action required.
8	Are there any plantation management practices that affect you?	Stakeholders are not local communities, therefore no comments on this topic.	No further action required.
9	Do you consider any management is in conflict with the MSPO principles and criteria?	Stakeholders commented there should be no conflict by the management topic.	Positive comment toward management
10	Do you have any suggestions for management?	No suggestion from stakeholders attended.	No further action required.

### 4.3. Summary of Assessment

#### Principle and Criteria Assessment Summary

The assessment team conduct a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits with all criterions will be assessed. Evidences are sought for conformity with the MSPO 2530-3. The summary of the assessment as below, where the "Findings/Comments" column reflects the findings in accordance with each criteria and indicator or evidences and when non conformity is found. Summary of the non-conformity can be found below

#### Principle 1: Management Commitment & responsibility

Indicator	Summary of Assessment	Compliance
4.1.1.1	<p>Farmhouse Sdn Bhd (FHSB) established MSPO Policy dated 01/01/2019 signed by Director.</p> <p>Policy is displayed at estate notice boards.</p> <p>Policy briefing conducted to workers as below.</p> <ul style="list-style-type: none"> <li>MSPO policy briefing dated 03/05/2019 to all staff</li> </ul>	Yes



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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	<ul style="list-style-type: none"> <li>MSPO policy briefing to workers on 17/05/2019.</li> <li>MSPO requirement and company policies briefing on 26/09/2019 for all workers.</li> </ul> <p>Interview during the site visit, the workers understand the MSPO policy.</p>	
4.1.1.2	The MSPO policy dated 01/01/2019 states FHSB strive for continual improvement by harnessing its resource of people, processes and technology in order to ensure continual production of oil palm product in sustainable manner.	Yes
4.1.2.1	<p>FHSB established SOP internal audit doc no: FHSB-MSPO-4.1.2.1 dated 01/02/2019 with a flow chart describing the process.</p> <p>Stated in the SOP the frequency for internal audit is once a year. The procedure describe the period to close NC in internal audit is within 2 months after the audit.</p> <p>Program of internal audit established dated 06/05/2019.</p>	Yes
4.1.2.2	<p>FHSB established SOP internal audit doc no: FHSB-MSPO-4.1.2.1 dated 01/02/2019 with a flow chart describing the process.</p> <p>Stated in the SOP the frequency for internal audit is once a year.</p> <p>Internal audit conducted on 21/05/2019. The summary of internal audit results describes the weak points.</p> <p>Example:</p> <p>Finding: No CHRA report available</p> <p>Action: CHRA report is conducted by the appointed panel and is close d out on 20/07/2019.</p>	Yes
4.1.2.3	Internal audit results made available in the management review meeting held on 24/05/2019.	Yes
4.1.3.1	<p>Management review conducted on 24/05/2019.</p> <p>Agenda:</p> <p>Internal audit results</p> <p>Suggestion/ other matters</p> <p>The frequency for management review is once a year after internal audit.</p>	Yes
4.1.4.1	<p>Continual Improvement Plan (CIP) established dated 28/05/2019.</p> <p>Topics in the CIP include environmental, social and safety and health.</p> <p>Example:</p> <p>Environment:</p> <p>Action: Recycling of empty pesticide containers.</p> <p>Expected outcome: Reduction of waste.</p> <p>Timeframe: On- going.</p>	Yes



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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	Site observation indicates the recycling of empty pesticide containers practiced in estates such as re-used empty pesticide container for spraying activities.	
4.1.4.2	<p>FHSB established SOP of Mechanism for new information, techniques, technologies, standards dated 15/06/2019.</p> <p>The SOP describes the process for implementation of new technology:</p> <ul style="list-style-type: none"> <li>• Identification</li> <li>• Implementation and control.</li> </ul> <p>No new techniques or new technology implemented currently.</p>	Yes
4.1.4.3	<p>FHSB established SOP of Mechanism for new information, techniques, technologies, standards dated 15/06/2019.</p> <p>The SOP describes the process for implementation of new technology.</p> <p>The flowchart in the SOP includes training will be conducted before implementation of any new technology.</p>	Yes

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>FHSB established Consultation and Communication Procedure dated 01/02/2019. The procedure includes complaint and grievance as part of the communication with stakeholders.</p> <p>FHSB established list of stakeholders dated 21/05/2019 that includes surrounding communities, government authorities, suppliers, mills and NGOs.</p> <p>No records of information request received from the stakeholder as of audit date. Neither from stakeholder meetings on 23/07/2019 and 25/07/2019.</p> <p>Interview with workers at estates they are aware of the procedure.</p>	Yes
4.2.1.2	<p>FHSB established List Of Publicly Available Document dated 26/06/2019.</p> <p>Example of publicly available document:</p> <ul style="list-style-type: none"> <li>• Company policies</li> <li>• Procedures</li> </ul> <p>Example of confidential document is financial report.</p>	Yes
4.2.2.1	<p>FHSB established Consultation and Communication procedure dated 01/02/2019.</p> <p>The procedure objective is to ensure the communication with stakeholder follow the process that meet MSPO requirement.</p> <p>Stakeholders meetings conducted on 23/07/2019 and 25/07/2019 has briefed on the procedure.</p> <p>Site interviews with workers indicate they are aware on the procedure.</p>	Yes

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.2.2	The appointed person in charge is estate manager to handle communicate and consultation with stakeholders.  Stakeholders meeting minutes states person in charge of communication is estate manager.	Yes
4.2.2.3	FHSB established list of stakeholders dated 21/05/2019.  Stakeholders list includes local community, government, suppliers, contractor, mills, neighboring estate, and employees.  Stakeholders meetings conducted twice on 23/07/2019 at estate and 25/07/2019 at HQ.  There is no request from stakeholders found as of audit date.	Yes
4.2.3.1	FHSB established SOP for Traceability doc no: FHSB-MSPO-4.2.3.1 dated 01/02/2019 for FFB delivery from field to mill.  Describe in the flow chart <ul style="list-style-type: none"><li>Traceability form (from harvester and recorded in office)</li><li>FFB delivery chit</li><li>Weighbridge ticket from mill</li><li>Monthly FFB records</li></ul>	Yes
4.2.3.2	FHSB conducted Internal audit on 21/05/2019 that includes traceability system. There are no findings for traceability found in internal audit result.	Yes
4.2.3.3	FHSB appoints the estate clerk as person in charge for traceability systems.	Yes
4.2.3.4	FHSB established records of sales and delivery and kept in office by clerk daily basis.  Traceability SOP dated 01/02/2019 describe the records are kept for period of 3 years.  Example: <ol style="list-style-type: none"><li>FFB delivery chit.</li><li>FFB weighbridge ticket.</li></ol> Review on the records such as delivery chit to mill weighbridge are available. Unique identification number is the delivery note is stated in the mill weighbridge ticket.	Yes

Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	FHSB established lists of related laws regulations and guidelines dated 10/06/2019.  FHSB established list of permits and licenses.  Example:  Trading licenses remains valid dated 05/12/2018 – 31/12/2019.	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	Example of legal and regulations: Occupational Safety and Health Act 1994 Minimum wages order 2012, 2016 & Amendment 2018	
4.3.1.2	FHSB established legal register and regulations dated 10/06/2019. Example: Malaysia Palm Oil Board Act 1998 (Act 582) Pesticides Act 1974 (Act 149) Occupational Safety and Health Act 1994 Sabah Labour Ordinance Cap 67	Yes
4.3.1.3	The legal register is establish on 01/06/2019 and latest updated on 01/10/2019.	Yes
4.3.1.4	Appointed person for updating legal documents, regulations and licenses is office clerk.	Yes
4.3.2.1	FHSB land titles are country leased issued by Sabah Land Authority as country leased. Therefore, will not diminish land use rights of other users	Yes
4.3.2.2	FHSB land titles are country leased issued by Sabah land Authority with a tenure of 99 years and for agriculture crop of economic value.	Yes
4.3.2.3	Land title includes map stating the total area with boundary stone numbering. During site verification, boundary marker is marked with a boundary stone and wooden stick of red and white colour.	Yes
4.3.2.4	No dispute from previous owners since the land titles are country leased issued by Sabah Land Authority.	Yes
4.3.3.1	FHSB land titles are country leased issued by Sabah Land Authority. No customary land titles listed in the summary of land titles.	Yes
4.3.3.2	There is no customary right land leased or owned by FHSB. Therefore, no maps established.	Yes
4.3.3.3	There is no customary land leased or owned by FHSB. Therefore, no FPIC or negotiated documents established.	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	FHSB established SIA dated 30/07/2019. The SIA includes information from survey and meeting feedback from internal and external stakeholders conducted on 23/07/2019 and 25/07/2019.  The SIA includes a summary of positive and negative impacts and the timeline to monitor for completion.  The action and implementation is the responsibility of the PIC in the table.	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions			
Indicator	Summary of Assessment	Compliance	
	<p>The positive impacts are continuously promoted while negative impacts are mitigated within a time frame to carry out the action and included in CIP for monitoring.</p> <p>The SIA will be reviewed once a year with feedback from stakeholders.</p>		
4.4.2.1	<p>FHSB established SOP Aduan, Cadangan dan Rungutan Doc no: FHSB-MSPO-4.4.2.1, dated 01/02/2019.</p> <p>The procedure is displayed in notice board in estate.</p> <p>The procedure states timelines to solve the complaint is 7 days after lodge the complaint. PIC to resolve complaint is the estate in charge.</p> <p>Site interview with field workers, they understand the process to make complaint or grievance when required.</p>	Yes	
4.4.2.2	<p>FHSB established complaint and grievance form.</p> <p>Complaint record is review with one complaint lodged dated 22/10/2019.</p> <p>Action taken on 29/10/2019 and within the timelines of procedure.</p> <p>Workers interview confirmed no complaint lodged as of audit date.</p>	Yes	
4.4.2.3	<p>The complaint and grievance form is available at the office that can be access by all workers and stakeholders.</p>	Yes	
4.4.2.4	<p>FHSB conducted training to workers on 25/07/2019 that include complaint and grievance procedure.</p> <p>The external stakeholders conducted on 23/07/2019 include the complaint and grievance procedure.</p> <p>During interview with workers they are able to demonstrate their awareness on the procedure and complaint could be lodged at any time.</p>	Yes	
4.4.2.5	<p>Review of complaint records, 1<sup>st</sup> complaint lodged on 22/10/2019. The records are kept in the estate office.</p>	Yes	
4.4.3.1	<p>FHSB provides job opportunity to local communities for estate operation, office clerk and general worker.</p> <p>FHSB donates to the local community for the communal work at the village.</p>	Yes	
4.4.4.1	<p>Safety and Health policy dated 01/01/2019 signed by Director.</p> <p>The policy is available at the office notice boards.</p> <p>Records of briefing on safety policy and PPE usage conducted on 26/09/2019.</p>	Yes	
4.4.4.2	a	<p>The safety and health policy is available at the notice boards.</p> <p>Workers are briefed on the policy on 26/09/2019</p>	Yes
	b	<p>Risk assessment HIRARC established dated 22/11/2019, update 05/09/2019 Includes all relevant field activities</p> <p>The HIRARC table include activity, hazards, risk and effects, risk assessment (consequence, likelihood, risk rating), existing control, PIC, risk assessment after control and date review.</p>	

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Principle 4: Social Responsibility, health, safety and employment conditions			
Indicator	Summary of Assessment		Compliance
		The medical surveillance conducted on dated 03/10/2019.	
	c i	Records of training on safety and PPE usage conducted to workers on 22/11/2019 sighted.	
	c ii	<p>SDS is available at the chemical, fertilizer and diesel stores.</p> <p>Example:</p> <p>Allay 20DF dated review 03/01/2018</p> <p>ASF Comp 44 (12/6/22/3) date review 05/01/2016.</p> <p>SDS in English and Bahasa Malaysia.</p> <p>Store is in good condition and locked. Sighted arrangement of liquid chemical placed in tray below and powder chemical placed on top.</p> <p>All chemicals have original labelling.</p>	
	d	<p>Records of PPEs issuance are maintained and sighted.</p> <p>Example:</p> <ul style="list-style-type: none"> <li>• Helmet</li> <li>• Sickle Cover</li> <li>• Chisel Cover</li> <li>• Apron</li> </ul> <p>During site visit all workers are provided with proper PPEs for the assigned task according to HIRARC and CHRA.</p> <p>CHRA conducted on date 06/08/2019.</p>	
	e	<p>SOP for 'Pengurusan Bahan Kimia, doc no: FSB-MSPO-4.5.3.3, dated 01/01/2019.</p> <p>SOP states 'untuk menguruskan bahan-bahan kimia selaras dengan peraturan-peraturan alam sekitar'.</p>	
	f	Appointed person for safety and health is estate in charge dated 01/06/2019.	
	g	<p>Management meeting conducted on 11/10/2019 includes staff and workers. The meeting agenda includes of safety and health.</p> <p>Management has brief the OSH to workers dated 21/10/2019.</p>	
	h	<p>FHSB established accident and emergency procedure dated 28/11/2018</p> <p>Map of emergency assembly point and contact details available at office and housing notice boards.</p>	
	i	<p>First aid training conducted by St. John Ambulance Malaysia dated 28&amp;29/06/2019 attended by 2 persons.</p> <p>Contact details for emergency available at estate notice boards.</p>	

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Principle 4: Social Responsibility, health, safety and employment conditions			
Indicator	Summary of Assessment		Compliance
		During site observation, first aid kit available at office, and operations site.	
	j	FHSB established record book for accidents and injuries. No reported of any major and minor injuries.  Sighted JKKP registration document no: JKKP 8/26881/2018.  No accidents reported.	
4.4.5.1	FHSB established Social and Human Right policy dated 01/01/2019 and signed by Director.  The policy states Respect and protect the fundamental of Human Rights as stated in Universal Declaration of Human Rights of the United Nations.  The policy is displayed at notice boards in English and Bahasa Malaysia languages.  Training on policy conducted on 03/05/2019 and 17/05/2019 for all workers.  During site interview with workers, they are aware of the policy.		Yes
4.4.5.2	FHSB established the Social and Human Right policy dated 23/08/2019 and signed by Director  The policy states:  FHSB will not discriminate on the basis of gender, race, religion, nationality and other status protected by the country's laws. The company committed provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin		Yes
4.4.5.3	FHSB established contract agreement for workers in accordance to Sabah Labour Ordinance and minimum wage order (Amendment) 2018.  The contract agreement states the pay rate of RM42.31 per day in accordance to the minimum wages 2018. The working contracts are signed by workers and management.  The pay slip indicates the workers pay in line with Minimum Wage Regulation 2018.		Yes
4.4.5.4	The management estate monitors the contractor workers wages from the payment voucher to the workers. All records well maintained		Yes
4.4.5.5	FHSB established list of workers that contain name, gender, date of birth, date joined, job description and nationality.  Document review and site interview confirmed all workers are permanent employed.		Yes
4.4.5.6	FHSB established worker contract for every worker recruited.  The management provide fair contract that has been signed by both parties.  The worker is briefed on the working contract terms and conditions, wage, type of work and copy is provided.  During site interview with workers confirmed they are briefed on the contract terms and conditions and received a copy after signed.		Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.5.7	<p>FHSB established 'Masa Kerja Di Ladang' and displayed at notice board.</p> <p>The working hours for estate starts from 6:00am to 2:30pm with rest time from 10:00am to 10:30am.</p> <p>Workers time recording via morning muster check roll.</p> <p>Working hours and overtime stated in working contract.</p> <p>Overtime rate according to Sabah labour ordinance requirements of 1.5 times daily rate for normal overtime and 2.0 time daily rate for rest day and public holidays.</p> <p>Interview with workers, they are aware on the working hours and overtime rate.</p>	Yes
4.4.5.8	<p>Working hours publicly available at notice boards.</p> <p>The working hours is from 6.00 am to 2.30 pm</p> <p>The break time is between 10.00 am to 10.30 am</p> <p>The overtime is based on mutual basis.</p> <p>Interview with workers, they are aware of overtime rate.</p>	Yes
4.4.5.9	<p>FHSB established Masa Kerja Di Ladang' and displayed at the notice board.</p> <p>Reviewed on the pay slip, contract and check roll of workers for working hours and OT complied with legal regulations.</p> <p>During field visit workers feedback they understand the working hours and overtime time. Worker confirmed the wage paid is in line with legal requirements.</p>	Yes
4.4.5.10	<p>FHSB provides benefits to workers such as medical care, SOCSO, housing, water and electricity.</p>	Yes
4.4.5.11	<p>FHSB workers housing follow the industry best practices.</p> <p>Site observation on the worker living quarters has basic amenities such as water, electricity and gardening area.</p>	Yes
4.4.5.12	<p>FHSB established Sexual Harassment, violence and gender policy dated 01/01/2019 sign by Director.</p> <p>The policy includes prevent sexual harassment and any others forms of violence against women, workers, and community.</p> <p>The policy is displayed at notice boards.</p> <p>The policy briefing conducted to workers on 26/10/2019.</p> <p>No complaint lodged for related issue.</p>	Yes
4.4.5.13	<p>FHSB established the Social and Human Right policy dated 01/01/2019 and signed by Director.</p> <p>The policy states uphold the rights of all personnel, if they so wish to form and join trade unions of their choice and to bargain collectively. Freedom of association and collective bargaining are respected.</p>	Yes



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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	The estate Management meeting conducted on 11/10/2019 with staff and workers includes agenda wages and social and human rights right. During the interview with workers there is no union form in FHSB.	
4.4.5.14	FHSB established the Social and Human Right policy dated 01/01/2019 and signed by Director  The policy statement:  No child as defined by Malaysia law should be employed.  Sighted employees list, all the workers are above 18 years.	Yes
4.4.6.1	FHSB established training programme dated 22/05/2019  Training conducted involved workers, staff and contractor workers. Example of training conducted:  Policies briefing, PPE, complaint and grievance procedure.	Yes
4.4.6.2	Training need analysis and training matrix established for staff, mandore and workers. The training need analysis is based on job description.	Yes
4.4.6.3	FHSB established the annual training programme dated 22/05/2019 for year 2019 and 2020.	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	FHSB established Environmental policy dated 01/01/2019 signed by Director.  The policy is made available at estates notice boards in both Bahasa Malaysia and English.  FHSB established environmental aspect and impacts assessment, dated 15/05/2019.  Workers and stakeholders are briefed on company policies and MSPO requirement on 23/07/2019 involved workers and 26/09/2019 attended by external stakeholders.	Yes
4.5.1.2	a FHSB established the environmental policy dated 01/01/2019 and signed by Director.  The objective is committed to implement palm oil production practices that are environmentally sound, reduce greenhouse (GHG) Emissions and protect forest and biodiversity.	Yes
	b FHSB established environmental aspect and impacts assessment dated 15/05/2019.  The assessment include all operations such as re-planting, maintenance, harvesting, store and etc.  Example:  Activity: Petroleum storage	Yes



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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Impact: Spillage, tank rupture</p> <p>Control: Implement of bunds or protective contamination device</p> <p>Risk description: Low</p> <p>Positive: Prevent oil spillage to land or natural water source.</p>	
4.5.1.3	<p>The environmental aspect and impacts assessment established dated 15/05/2019 include negative impact and promote the positive.</p> <p>Example positive impact:</p> <p>Activity: Implement fertilizer program</p> <p>Aspect: Efficient and correct use of fertilizer.</p> <p>Impact: Reduce usage and leaching</p>	Yes
4.5.1.4	<p>FHSB established EAIA for promoting of positive impacts dated 15/05/2019.</p> <p>The CIP established dated 28/05/2019 involved environment improvement such as recycling of empty pesticide containers.</p> <p>Example:</p> <p>Recycling of empty pesticide containers.</p> <p>Expected outcome: Reduction of wastes</p> <p>Monitoring: Triple rinsing empty containers for spraying used.</p> <p>PIC: Estate in charge.</p>	Yes
4.5.1.5	<p>FHSB conducted Policies and MSPO requirement training to workers on 23/07/2019 for internal stakeholders and 26/09/2019 for external stakeholders.</p> <p>Environment and waste management training conducted to all workers on 10/10/2019.</p>	Yes
4.5.1.6	<p>FHSB conducted environmental meeting involved worker representatives and management quarterly.</p> <p>The latest meeting conducted on 15/07/2019.</p> <p>Previous meeting conducted on 11/10/2019.</p> <p>FHSB management informed the frequency of the meeting will be conducted three months once.</p> <p>The meeting has included the environment topics, no open burning, and etc.</p>	Yes
4.5.2.1	<p>FHSB established baseline for diesel consumption records for 3 years from 2016 to 2018.</p> <p>The baseline is a guideline to monitor and compare against the actual usage.</p> <p>Records of high usage of diesel in 2017 and 2018 due to replanting activities and additional genset added in 2016.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	The diesel usage is for power generation, farm tractors and FFB delivery to the mill.	
4.5.2.2	FHSB established budget for diesel consumption for 2019. FHSB established records of actual diesel consumption on monthly basis for comparison against baseline.	Yes
4.5.2.3	FHSB does not practice renewable energy for the estate.	Yes
4.5.3.1	FHSB established source and type of wastes list 2019. Example: Solid waste Source: Empty chemical container Waste Type: Scheduled waste Liquid waste Source: Vehicle / transport Waste Type: Used oil GHG waste Source: Vehicle / transport Waste Type: Smoke emission	Yes
4.5.3.2	a FHSB had established the Waste management plan dated 17/07/2019 Example: Source: Industrial activities Waste: Fertilizer bags, pesticide containers.	Yes
	b Waste generated that could be recycle or reused stated in waste management plan dated 17/07/2019. Example: Empty chemical containers are reused for pre-mix chemicals. Fertilizer bag re-used for loose fruit collection. Plastics, paper, metal and glass are segregated and sold to generate income.	
4.5.3.3	FHSB established procedures for chemical handling. Example: <ul style="list-style-type: none"> <li>Chemical Management procedure dated 01/01/2019 for chemical handling.</li> <li>Waste management procedure dated 01/02/2019 for scheduled waste handling.</li> </ul> In addition, SDS Is adopted for handling of used chemicals and to manage any balance unused chemical will be stored for next application.	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	Stock balance records sighted.	
4.5.3.4	<p>FHSB established SOP for empty pesticides containers handling dated 01/01/2019.</p> <p>The SOP describe:</p> <ul style="list-style-type: none"> <li>Empty chemical containers stored in scheduled waste store.</li> </ul> <p>FHSB displayed the pictorial 'Triple –rinse your used pesticide containers' at notice board near store and premix area, the chart mention before dispose the container need to punctured.</p> <p>FHSB received letter from Jabatan Alam Sekitar Negeri Sabah dated 19/09/2019 states empty containers that have been tripled rinsing is not categorized as scheduled wastes.</p> <p>During visit at chemical store sighted empty chemical containers are rinsed, mark (X) in red colour and reused for spraying activities.</p> <p>Site visit confirmed the rinsed water is collected back and reused in premix activities.</p>	Yes
4.5.3.5	<p>FHSB domestic wastes dispose at landfill.</p> <p>Designated landfill locations are away from housing on high ground, fenced, with no burning signage and open and closed dates.</p> <p>Domestic wastes collection schedule is twice per week.</p>	Yes
4.5.4.1	<p>FHSB established waste list which identify the source of wastes as solids, liquids and gases.</p> <p>Example:</p> <p>Solid waste: Fertilizer bag,</p> <p>Monitoring plan: Washing and re-use for collecting losses fruits</p> <p>Liquid waste: Used lubricant oil.</p> <p>Monitoring plan: Proper monitoring, storage and disposal as schedule waste of used lubricants.</p> <p>Gases waste: Genset, vehicle.</p> <p>Monitoring Plan: Monitor the maintenance service records</p>	Yes
4.5.4.2	<p>Waste management plan established dated 17/07/2019. The plan includes the action plan for significant pollutants and emissions.</p> <p>Example:</p> <p>Objective: Reduction of GHG due to fertilizer (transport)</p> <p>Action plan: Consider locally produced fertilizer</p> <p>Emissions: Carbon dioxide</p> <p>Timeframe: December 2019</p> <p>Impact: Local fertilizer has low GHG emission value as no shipping involved.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Indicator	Summary of Assessment		Compliance
4.5.5.1	a	<p>FHSB established water management plan dated 19/08/2019.</p> <p>The water source is from dug pond and rain.</p> <p>The usage of water as follows:</p> <p>Pond: Estate operations e.g. chemical application and nursery</p> <p>Rain: Domestic usage</p>	Yes
	b	<p>FHSB conduct water quality test for inlet and outlet of streams flowing through the estate.</p> <p>Test report dated 17/08/2019 with the results are within the national water quality index.</p> <p>Example: PH water test results is 6.51.</p> <p>Onsite visit the water sampling area has installed a signage as the sampling collection points.</p> <p>Site verification confirm the housing area discharge domestic used water to fields only.</p>	
	c	<p>FHSB establish rainfall records to manage water usage for housing quarters and field operations.</p> <p>Triple rinse water from empty chemical containers are reuse for pre-mix.</p> <p>Ponds are constructed to store water for field application during drought season.</p>	
	d	<p>FHSB signage installed at buffer / riparian zones.</p> <p>Workers are brief on environment such as riparian zone, protected animal on 29/07/2019 and 10/10/2019.</p> <p>Interview with the workers confirmed that they are aware and understood that spraying and fertilizing activities are prohibited to be carry out on the buffer zone area.</p>	
	e	<p>Field observation indicates there are no vegetation removed from riparian zones.</p> <p>Riparian zones are well maintained.</p>	
	f	<p>During site visit at housing areas, there are no bore wells used for water supply.</p>	
4.5.5.2	<p>There are no bunds or weirs or dams constructed across rivers.</p> <p>This was confirmed during field visit.</p>		Yes
4.5.5.3	<p>FHSB practices rain harvesting for domestics used.</p> <p>Dug ponds are used to capture rainwater for field operations.</p>		Yes
4.5.6.1	a	<p>FHSB established Environment policy dated 01/01/2019 states company forbids the capturing, poaching, and hunting of wild life.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>FHSB is not bordering with any forest area and no conservation area within the estate.</p> <p>The estate is surrounding by estates.</p> <p>Therefore, the plantation operation has not impact on wildlife</p> <p>FHSB established the Biodiversity Assessment and identification report dated 23/07/2019 with list of wildlife sighted in the estate.</p> <p>During site interview, workers inform when sighted any wildlife to feedback to the estate management.</p> <p>Site visit confirm the signage of No hunting or capturing of protected wildlife is installed.</p>	
	<p>b FHSB monitor wildlife in and surrounding of the estates.</p> <p>The signage of wildlife animal and no hunting is installed in the field.</p> <p>Example of the wildlife found: Wild boar.</p> <p>There are no wildlife sighted within the estate during field visit.</p>	
4.5.6.2	<p>a Management plan to protect wildlife and RTE had been established in the Biodiversity Assessment and identification report dated 23/07/2019.</p> <p>The wildlife and no hunting signage installed in the field describe the illegal hunting is not allowed in accordance to 'Enakmen Pemeliharaan Hidupan Liar 1997' and related punishment.</p> <p>During site interview, workers understand on wildlife conservation. They confirmed sighted any wildlife to feedback to estate management.</p>	Yes
	<p>B Signage installed to inform public and workers on no hunting and capturing of any wildlife.</p> <p>Briefing on environment (include wildlife and buffer zone) is conducted on 10/10/2019 for all workers.</p>	
4.5.6.3	<p>Biodiversity Assessment and identification report dated 23/07/2019 include the wildlife management plan.</p> <p>The monitoring records to monitor wildlife in and around the estate is established and recorded in the Biodiversity Assessment and identification report.</p>	Yes
4.5.7.1	<p>FHSB established Environment policy dated 01/01/2019 signed by Director states:</p> <p>FHSB is against uncontrolled, illegal or irresponsible burning for the purpose of land preparation for new and re-plantings, pest and disease control, waste management and sanitation (no burning).</p>	Yes
4.5.7.2	<p>There are no serious palm diseases sighted during the field visits that require burning. Therefore, no special approval for open burning from the relevant authorities</p>	Yes
4.5.7.3	<p>FHSB established Environment policy dated 01/01/2019 that include no open burning.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	There are no application documents for approval of controlled burning sighted.	
4.5.7.4	FHSB adopted field handbook for immature oil palm, volume 2 series number: ISBN 981-04-1433-1 as a guideline to conduct new planting and replanting practices.  During field visits, the replanted area on in year 2018 where palms are felled and chipped. No sign of burning observed.	Yes

Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	FHSB adopted the best management practices SOP from Field Book Oil palm planting volume 1, 2 & 3 by Ian Rankie and Thomas Fairhurst.  The SOP Cover Nursery, Mature and immature activities and safe working practices.  Interview with workers, they know SOP working on field.  SOP and Good agriculture practice training conducted 26/10/2019.	Yes
4.6.1.2	FHSB adopted the best management practices SOP from Field Book Oil palm planting volume 1, 2 & 3 by Ian Rankie and Thomas Fairhurst.  Volume 2 Tanaman belum berhasil, page 53 pembuatan teres kontur dan tapak kuda.  SOP mention to avoid the erosion.  Page 57 Tanaman penutup tanah  Planting Legume cover crop (LCC). To avoid soil erosion of water, nutrient.  Site visit at buffer zone area sighted signage is installed includes information of no spraying, no manuring, no fishing.	Yes
4.6.1.3	FHSB established permanent block markers for each block that include block number, block size, date of planting and planting material.	Yes
4.6.2.1	FHSB established financial and budget for 5 years from 2020 to 2024.  The content of financial plan includes: <ol style="list-style-type: none"> <li>1. Financial Projection</li> <li>2. Long Term Management Plans</li> <li>3. Oil Palm Mature – Budget &amp; Projection Operation Cost</li> <li>4. Replanting programme</li> </ol>	Yes
4.6.2.2	FHSB established annual replanting programme dated in the annual report from year 2019 to 2024.	Yes
4.6.2.3	FHSB established long-term plan & financial projection for year 2020-2024 includes: <ol style="list-style-type: none"> <li>1. FFB projection MT.</li> </ol>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	2. Yield/Ha MT/Ha. 3. FFB Price forecast/MT. 4. Estate operation cost. 5. Planting material.	
4.6.2.4	The monthly progress report and annual report implemented with the goals and objectives are monitored regularly for the profit and loss.	Yes
4.6.3.1	FHSB purchased chemicals from the supplier. Quotation dated 02/01/2019 sighted and accepted by both parties. The agreement describes the product pricing and payment terms.	Yes
4.6.3.2	FHSB has documented records of quotation agreed by both parties on the terms and conditions. Payments are made on a monthly basis in timely manner. Sighted payment made according to quotation terms and conditions.	Yes
4.6.4.1	The contractor has been briefed on MSPO.	Yes
4.6.4.2	Contract had been signed by both parties. The contract had include the agreed price for work payment.	Yes
4.6.4.3	Contractor had been briefed on MSPO and agreed to audit by approved MSPO Auditors if required as stated in the contract agreement.	Yes
4.6.4.4	FHSB established document to monitor the progress of contractor in completing the task.	Yes

Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	Planting statement and estate map is reviewed. FHSB is bordering with estates and no forest reserve area. The first planting is in 1997 and 2004. Latest replanting is in 2018 for 73.98ha. Therefore, no new planting in the estate.	Yes
4.7.1.2	Planting statement, estates map and land title are reviewed. The replanting area in estate on 2018 is less than 100 ha. Therefore, no PPM require to be establish.	Yes
4.7.2.1	Planting statement, estate map and land title is reviewed. There is no peat land sighted during field inspection.	Yes
4.7.3.1	The planting statement is review and there is no new planting. Therefore, no SEIA conducted.	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.7.3.2	The planting statement is review and there is no new planting. Therefore, no SEIA conducted.	Yes
4.7.3.3	The planting statement is review and there is no new planting. Therefore, no SEIA conducted.	Yes
4.7.3.4	There are no smallholders scheme involved in FHSB certification. Therefore, not applicable	Yes
4.7.4.1	The planting statement is reviewed and there is no new planting. Therefore, no map established.	Yes
4.7.4.2	The planting statement is reviewed and there is no new planting. Therefore, no map established.	Yes
4.7.5.1	No new planting states from planting statement and map. Therefore, no map established and permits available.	Yes
4.7.5.2	The planting statement is reviewed and there is no new planting. Therefore, no plan established.	Yes
4.7.5.3	The planting statement is reviewed and there is no new planting. Therefore, no soil map established.	Yes
4.7.6.1	The planting statement is review and there are no new planting. Therefore, no FPIC conducted and no communities affected.	Yes
4.7.6.2	The planting statement is review and there are no new planting. There are no sacred sites, therefore, management plan establish.	Yes
4.7.6.3	The planting statement is review and there are no new planting. Therefore, no SOP establish.	Yes
4.7.6.4	The planting statement is review and there are no new planting. Therefore, no compensation and agreement established.	Yes
4.7.6.5	The planting statement is review and there are no new planting. Therefore, no assessment established.	Yes
4.7.6.6	The planting statement is review and there are no new planting. Therefore, no system establish for calculating the compensation for distribution.	Yes
4.7.6.7	The planting statement is review and there are no new planting. Therefore, no compensation plan established.	Yes
4.7.6.8	The planting statement is review and there is no new planting. Therefore, no communities affected.	Yes



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### 4.4. Status of Non-Conformities Previously Identified

X	The stage 1 audit findings have been reviewed, in particular to assure appropriate corrective actions implemented to address the identified audit findings.
	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have not been implemented effectively. The non-conformity will be re-raised.
	Not applicable. No non-conformity raised in previous audit.
<i>Note 1: If a minor non-conformity raised in last audit, is not closed out, then this finding will be re-raised to a Major non-conformity.</i>	
<i>Note 2: All minor NCs raise in last audit are required to capture in this report together with the closing of the non-compliance.</i>	

### 4.5. Detail of Audit Findings in last audit

Stage 1 audit corrections to the documents and actions are reviewed during stage 2 certification audit.

### 4.6. Detail of Audit Findings Identified During This Audit

This section gives an overview of the non-conformities raised during this audit.

AUDIT OUTCOME		
During this audit,	0	MAJOR Non-Conformities
	0	MINOR Non-Conformities

Nr.	Indicator	Location	Opportunity for Improvement
1	4.2.1.1	Office	Management could improve the timeframe for information request by stakeholders.
2	4.2.1.2	Office	Management could improve the publicly available document list
3	4.4.4.2 b	Office	Management could consider improve risk assessment for working at terracing area. (HIRARC)
4	4.4.4.2. j	Office	Management could improve the accident and injury records.
5	4.4.5.9	Office	Management may consider to improve the format of pay slip.
6	4.5.1.2	Estate	FHSB could consider to improve the PCD (oil trap) monitoring and recording system.
7	4.5.5.1 d	Office	FHSB could consider to improve the recording system for buffer zone inspection.

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### 5. ONCLUSION

Farmhouse Sdn Bhd has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct MSPO stage 2 audit for its estates according to MSPO 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

There is no Major and minor NC raise during this audit.

From the review of the standard operating procedures, relevant forms, work flow charts established and implemented; the subsequent background investigation and interviews conducted during this surveillance audit have provided TUV NORD Malaysia with sufficient evidence on the fulfilment of the applied standard Principles & Criteria.

In conclusion the certified unit has been established, implemented and continued to improve in managing the estates are in line with the Principles & Criteria of the applied standards of MS 2530-Part 3:2013.

Any audit is based on sampling within an organization's management system and therefore is not a guarantee of 100 % conformity with requirements.

As a result of this audit, the audit team confirms that:

Total certified number of estates:	1
Total certified production area:	201.25 Ha
Certified FFBs January to October 2019:	694.76 Mt
FFB projection November to December 2019:	69.48 Mt
FFB projection January to December 2020:	743.00 Mt

## 6. RECOMMENDATION

The audit team conduct a process-based audit focussing on significant aspects/risks and objectives required by the standard(s). The audit methods used are interviews, observations, sampling of activities, review of documentation and records.

The structure of the audit is in accordance with the audit plan included in this summary report as annex.

The audit team concludes that the organisation has established and maintained its management system in line with the requirements of the standard(s) and demonstrated the ability of the system to achieve requirements for products and/or services within the scope and the organisation's policies and objectives.

Therefore the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity that this management system certification be

<input checked="" type="checkbox"/>	Recommended for Certification
<input type="checkbox"/>	Recommended for Continuity of Certification
<input type="checkbox"/>	Recommended for Suspension of Certification

Puchong, 09/12/2019



Sheron Pui Ling Wui  
TUV NORD (Malaysia) Sdn Bhd  
Audit Team Leader

Puchong, 09/12/2019



Nur Amanina Zahir  
TUV NORD (Malaysia) Sdn Bhd  
Certifier / Approver

## 7. LIST OF INTERVIEWEES

**Table 7-1: List of Interviewed Persons and Stakeholders**

No.	Name	Organisation / Function
1	Aloi Sanoi	Jabatan Hutan
2	Hangan Dane	Jabatan Hutan
3	Busfan Asis	Malsa Palm Oil Mill
4	Cheong Jee Soon	MCA (Manchoon A) estate

#### Distribution / Confidentiality / Rights of ownership / Limitations / Responsibilities / Audit Objectives

This report is sent to the certification body or bodies, the members of the audit team and the audit representative of the organisation. All documents (such as this report) regarding the certification procedure are treated confidentially by the audit team and the certification body. This audit report remains the property of the certification body.

An audit is a procedure based on the principle of random sampling and cannot cover each detail of the management system. Therefore nonconformities or weaknesses may still exist which were not expressly mentioned by the auditors in the final meeting or in the audit report.

The responsibility for continuous effective operation of the management system always rests solely with the audited and certified organisation.

Salvo clause:

The audit report will be left to the organisation at the end of the audit - subject to approval by the certification body. The independent release process may cause modifications or additions. In these cases a modified revision will be sent to the audited organisation.

The objective (goal) of the audit is to establish compliance of the management system of the aforementioned organization with the requirements of the aforementioned standard in order to achieve or maintain certification through an independent and accredited certification body.

Identification of possibilities to improve the management system can also be a component of the audit and is considered simply to be an enhancement; it does not constitute consultancy or advice with regard to the management system.

#### Annex / Enclosures

Annex /  
corresponding audit documentation

- ☐ P&C Audit Report / Checklists
- ☐ Audit Plan
- ☐ Additional annexes, number